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CR Construction Group Holdings Limited

華營建築集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1582)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE TARGET COMPANY

Financial Advisers to the Company



THE DISPOSAL

On 20 October 2026 (after trading hours), the Company and the Buyer entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell to the Buyer and the Buyer has conditionally agreed to acquire from the Company the entire equity interest in the Target Company at the Consideration of RMB262,828,158.86 (equivalent to approximately HK\$303.3 million) in accordance with the terms and conditions of the Share Purchase Agreement.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATION

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Buyer is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Buyer is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal constitutes a connected transaction for the Company which is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tse Wai Chun Paul *JP*, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen *JP*, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Disposal.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Buyer is indirectly interested in 361,150,000 Shares of the Company, which are directly held by its indirectly wholly-owned subsidiary, CR Construction Investments Limited, representing approximately 72.23% of the total issued share capital of the Company. In view of the Buyer's interests in the Share Purchase Agreement and the transactions contemplated thereunder, CR Construction Investments Limited will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Share Purchase Agreement and the transactions contemplated thereunder. However, since Mr. Zhang Guanhua, Mr. Jiang Wen and Mr. Jin Hongliang also hold directorships and/or management positions in the Buyer, each of them has voluntarily abstained from voting on the Board resolution(s) approving the Share Purchase Agreement and the transaction contemplated thereunder.

INTRODUCTION

On 20 October 2026 (after trading hours), the Company and the Buyer entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to sell to the Buyer and the Buyer has conditionally agreed to acquire from the Company the entire equity interest in the Target Company at the Consideration of RMB262,828,158.86 (equivalent to approximately HK\$303.3 million) in accordance with the terms and conditions of the Share Purchase Agreement.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Company.

THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

Date:

20 October 2026 (after trading hours)

Parties:

- (1) the Company, as the seller.
- (2) the Buyer, as the purchaser.

As at the date of this announcement, the Buyer is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Buyer is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. For more details of the Parties, please refer to the sections headed “Information of the Group” and “Information of the Buyer”.

Target to be disposed

Pursuant to the Share Purchase Agreement, the Company has conditionally agreed to sell to the Buyer and the Buyer has conditionally agreed to acquire from the Company the entire equity interest in the Target Company.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Company.

Consideration and payment terms

Subject to adjustments for dividends payment or capital distributions, the Consideration payable by the Buyer to the Company under the Share Purchase Agreement for the Acquisition is RMB262,828,158.86 (equivalent to approximately HK\$303.3 million), which shall be settled by the Buyer in cash within two months upon Completion (the “**Deferred Settlement Period**”).

In determining the Deferred Settlement Period, the Company and the Buyer have primarily taken into account of the mandatory statutory procedures and administrative time required for cross-border fund remittance under the PRC foreign exchange regulations (including the Capital Account Foreign Exchange Business Guidelines (2024 Edition) (《資本項目外匯業務指引(2024年版)》)). Under these regulations, commercial banks and regulatory authorities enforce a strict requirement that the equity transfer and industrial and commercial (SAMR) registration have to be completed before outbound remittance can be processed. Based on the aforesaid, the Deferred Settlement Period of two months have taken into account the estimated time required to complete the following key mandatory procedures before the Consideration is fully settled: (i) obtaining the pre-closing approvals for the relevant filings from Local State-owned Assets Supervision and Administration Commission (SASAC), which is estimated to take around one month; (ii) completing the equity transfer and registration after obtaining the Independent Shareholders’ approval at the EGM, and obtaining the new business license after completing the Target Company’s equity transfer registration with the local SAMR, which is estimated to take around half month; (iii) completing the tax filing and foreign exchange registration for cross-border fund transfer and updating foreign exchange registration with the designated commercial bank using the new business license, which is estimated to take around one month; and (iv) completing the outbound remittance, including bank compliance reviews and foreign exchange purchase, to successfully transfer the full Consideration to the Company’s designated Hong Kong bank account, which is estimated to take around one month. Against this backdrop, the Company and the Buyer mutually assessed that two months after the Completion are generally required to complete the relevant registration and approval procedures before the Consideration is settled. Upon Completion, the Buyer undertakes to use its best endeavour to procure the completion of the tax filing and update of the foreign exchange registration for fully settling the Consideration for no more than two months.

Pursuant to the Share Purchase Agreement, at Completion, the Buyer shall deliver to the Company an equity pledge agreement over the entire equity interest in the Target Company, pursuant to which the Buyer, as pledgor, pledges the entire equity interest in the Target Company in favour of the Company, as pledgee, as security for the Buyer’s obligation to settle the Consideration within the Deferred Settlement Period (the “**Share Pledge**”).

If the Buyer fails to settle the Consideration to the Company within the Deferred Settlement Period and fails to obtain the written consent from the Company for any extended payment arrangement, the Buyer unconditionally and irrevocably undertakes to the Company that it shall, within 30 days after the expiry of the payment deadline (or the extended payment deadline as agreed by the Company), transfer all the equity interest in the Target Company to the Company and provide the Company with (i) written evidence showing that all procedures including registration, filing, and information reporting required by the State Administration for Market Regulation of the PRC and other competent governmental authorities have been completed, including but not limited to the registration of the Company as a shareholder of the Target Company and the filing of the articles of association of the Target Company; and (ii) all transfer/amendment documents specified under the Share Purchase Agreement. In addition, the Buyer shall (i) bear all the costs and expenses incurred by the Company in relation to the Share Purchase Agreement and the transaction contemplated thereunder; and (ii) pay to the Company the default interest of the Consideration covering the Deferred Settlement Period at the default interest rate of 3% per annum.

The default interest rate of 3% per annum was determined after arm's length negotiations between the Company and the Buyer, having regard to, among other things: (i) the short Deferred Settlement Period of two months; (ii) one-year borrowing rate of the PRC of 3%; (iii) the Buyer's funding costs; (iv) the transfer back mechanism and compensation mechanism well in place; and (v) the Buyer's status as a company listed on the Shenzhen Stock Exchange (SZSE) and the controlling shareholder of the Company. Taking into account the above, the Directors are of the view that the 3% default interest rate is sufficient and fair and reasonable.

Before entering into the Share Purchase Agreement, the Company has also conducted due diligence to assess the Buyer's creditworthiness and payment ability, having considered (i) the Buyer's SZSE listing status, given that the Buyer is a company listed on the Shenzhen Stock Exchange (SZSE Stock Code: 002761) and is subject to the ongoing disclosure and financial reporting requirements of the SZSE; (ii) review of the Buyer's publicly available financial information; (iii) the Buyer's state-owned background, given that the Buyer's ultimate controlling shareholder is Zhejiang State-owned Capital Operation Company Limited, which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Zhejiang Provincial Government; and (iv) the Buyer's controlling shareholding interest in the Company, the Directors are of the view that the Buyer's default risk is low.

Taking into account that (i) the Deferred Settlement Period was determined after considering the time required to complete the relevant registration and approval procedures to allow the Consideration to be transferred from onshore to offshore; (ii) the execution of the Share Pledge by the Buyer in favour of the Company; (iii) the transfer back mechanism and compensation mechanisms as mentioned above are in place; and (iv) the Buyer's default risk is considered to be low based on the due diligence conducted by the Company as stated above, the Directors (excluding independent non-executive Directors) consider that the current payment arrangement of the Consideration is sufficient to safeguard the Company's interest, and is therefore fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In the event that the Share Pledge and/or the transfer back mechanism were to enforce in the future, it will constitute a connected and notifiable transaction for the Company under the Listing Rules and, depending on the applicable percentage ratio in respect of such enforcement, could be subject to the announcement, circular, Independent Shareholders' approval and reporting requirements (where applicable) under Chapter 14 and Chapter 14A of the Listing Rules. The Group will publish the relevant announcements in accordance with the Listing Rules if applicable.

If the Target Company declares, pays or makes any dividends or other capital distributions to the Company during the period from 1 July 2026 and up to the Completion Date, the Parties agree that the Buyer can deduct the total amount of such dividends payment and/or capital distributions from the Consideration. If the total amount of such dividends payment and/or capital distributions exceeds the Consideration, the Company shall refund the difference to the Buyer upon Completion.

Basis of the Consideration

The Consideration was primarily determined by the Parties after arm's length negotiation on normal commercial terms, with reference to, among other things: (i) the preliminary business valuation of the entire equity interest in the Target Group of approximately HK\$353.2 million (equivalent to approximately RMB306.1 million) as at 30 June 2026 according to the valuation report prepared by an independent valuer, CHFT Advisory and Appraisal Ltd., based on market approach, on the assumption of combining 47% interest in the Tiantai Economic with the Target Company as at 30 June 2026 and the 47% interest in the Tiantai Economic is deemed as a contribution by the Company to the Target Company on a combined basis; and (ii) the consideration receivable from the Target Company in respect of the 47% Equity Transfer (as defined below) of RMB45.5 million (equivalent to approximately HK\$52.5 million).

Details of the transfer of 47% interest in Tiantai Economic

On 7 August 2026, the Company and the Target Company entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) pursuant to which the Company agreed to transfer, and the Target Company agreed to acquire, the 47% equity interest in Tiantai Economic (corresponding to registered capital of RMB45,355,000) at a consideration of RMB45,490,110.12 (equivalent to approximately HK\$52.5 million) (the “**47% Equity Transfer**”).

Consideration: The consideration of the 47% Equity Transfer was determined with reference to the asset valuation report issued by an independent valuer based on a valuation date of 31 December 2025. According to the valuation report, the appraised value of the entire equity interest in Tiantai Economic was RMB96,787,468.35, and the appraised value of the 47% equity interest in Tiantai Economic was RMB45,490,110.12.

Payment terms: The Target Company shall pay the consideration to the Company within one year from the effective date of the Equity Transfer Agreement.

Settlement terms: The consideration shall be settled in cash by the Target Company to the Company. The Equity Transfer Agreement provides that if the Target Company fails to pay any amount when due, it shall pay a default penalty of 0.01% per day on the overdue amount, and if the delay exceeds 30 days, the Company has the right to terminate the Equity Transfer Agreement.

Completion and receipt of consideration: As at the date of this announcement, the 47% Equity Transfer has been completed. Pursuant to the Share Purchase Agreement, Completion is conditional upon, among other things, the Target Company having paid in full all amounts payable to the Company under the Equity Transfer Agreement, including the consideration for the 47% Equity Transfer.

Deferred payment period: There is a deferred payment period of one year from the effective date of the Equity Transfer Agreement. The Company considers such arrangement is fair and reasonable because, when entering into of the Equity Transfer Agreement: (i) the 47% Equity Transfer is an intra-group reorganisation between the Company and its wholly-owned subsidiary, the Target Company, for internal resource integration; (ii) the consideration was determined based on an independent valuation; and (iii) the Equity Transfer Agreement contains default penalty mechanism and termination rights to safeguard the interest of Company if payment is overdue. Having said that, Completion is conditional upon the Target Company having paid in full all amounts payable thereunder, including the consideration for the 47% Equity Transfer.

Conditions precedent

Completion is conditional upon the fulfillment or waiver (as the case may be) of certain conditions which include, inter alia:

- (i) the completion of a due diligence exercise to be carried out by the Buyer in respect of the group structure, financial positions, books and records and businesses of the Target Group, subject to the Buyer's sole and absolute discretion;
- (ii) the passing by the Independent Shareholders in accordance with the Listing Rules and all applicable laws at the EGM of the resolution approving the Share Purchase Agreement and the transactions contemplated thereunder;

- (iii) all necessary consents, permission and approvals from relevant organisations, institutions, government (including but not limited to the filing of state-owned assets assessment results and the approval of non-public transfers by agreement administered by State-owned Assets Supervision and Administration Department, if applicable) and regulatory authorities (including but not limited to the Stock Exchange) required to be obtained by the Company and the Buyer in respect of the Share Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Company having repaid the bank loan facilities granted by Minsheng Bank and procured Minsheng Bank to release the Minsheng Bank Pledge and complete the necessary filing and registration with the relevant administration for market regulation (if required);
- (v) the Company having provided the Buyer with the completion accounts of the Target Group;
- (vi) the Target Company having paid in full all amounts payable to the Company under the Equity Transfer Agreement, including but not limited to the consideration for the 47% Equity Transfer;
- (vii) the Target Company having paid in full all declared but unpaid interest (if any) to the Company and the Company having received such interest;
- (viii) all representations, warranties and undertakings of the Company remaining true and correct as at the Completion Date, for which the Company shall have had fulfilled or complied with on or before the Completion Date (as the case may be);
- (ix) all representations, warranties and undertakings of the Buyer remaining true and correct as at the Completion Date, for which the Buyer shall have had fulfilled or complied with on or before the Completion Date (as the case may be); and
- (x) the Company having provided the Buyer with a duly signed certificate certifying that as at Completion Date, each of the above conditions (except for condition precedent (ix)) having been fulfilled and that it is not aware of any matter or thing which is in breach of any representations, warranties and undertakings giving by the Company or is inconsistent with any of the above items.

If the above conditions precedent are not satisfied or waived (except for conditions precedent (ii), (iii), (iv), (vi) and (vii) which are not waivable), Buyer may waive the conditions precedent (i), (v), (viii) and (x) and the Company may waive the condition precedent (ix)) on or before the Long Stop Date, the Share Purchase Agreement shall, subject to certain provisions of the Share Purchase Agreement and liability of any Party to the other in respect of any antecedent breaches of the terms of the Share Purchase Agreement, become void and cease to have effect.

Completion

Completion will take place within ten business days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Share Purchase Agreement, or at such other date on the Parties may agree in writing. At Completion, the Buyer shall deliver to the Company the Share Pledge over the entire equity interest in the Target Company, in form and substance satisfactory to the Company.

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Company.

VALUATION

The Consideration was primarily determined by the Parties after arm's length negotiation on normal commercial terms, with reference to, among other things, the preliminary business valuation of the entire equity interest in the Target Group of approximately HK\$353.2 million as at 30 June 2026 according to the valuation report prepared by an independent valuer, CHFT Advisory and Appraisal Ltd. (the “**Valuer**”), based on market approach, on the assumption of combining 47% interest in the Tiantai Economic with the Target Company as at 30 June 2026 and the 47% interest in the Tiantai Economic is deemed as a contribution by the Company to the Target Company on a combined basis.

Valuation methodology

For the valuation analysis, the market approach was adopted by the Valuer in deriving the market value of the entire equity interest in the Target Group as at 30 June 2026, taking into account that (i) the cost approach is not adopted as the approach does not capture the future economic benefits of the Target Group which are likely to continue to grow in the foreseeable future; (ii) the income approach is not adopted because as it involves more assumptions and estimates while not all of the assumptions and estimates can be easily quantified or reliably measured; and (iii) the market approach is adopted as there are sufficient comparable companies that could be identified in the market to facilitate a meaningful comparison and to form a reliable opinion of value.

Under market approach, the guideline public company method has been adopted by the Valuer, which has taken into account various commonly used value multiples, including (i) price-to-earnings (“**P/E**”) multiple; (ii) price-to-book (“**P/B**”) multiple; and (iii) price-to-sales (“**P/S**”) multiple. P/E multiple is adopted because it is commonly used in valuing businesses for which the ability to generate earnings is the key value indicator and the Target Group is recording profits in recent years. P/B multiple is not adopted as it is easily distorted by varying accounting policies, and fails to account for the profitability of the Target Group. P/S multiple is not adopted as it ignores the cost structure of the Target Group and not commonly used if the subject business is recording profits.

Key inputs of the valuation

Selection criteria for the Comparable Companies

In selecting the appropriate comparable companies, the Valuer has adopted the following selection criteria:

- (i) the company is engaged in the business of water and solid waste treatment, environmental protection solutions and environmental engineering in PRC according to their latest published annual reports;
- (ii) the company had over 60% of revenue derived from construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the latest financial year;
- (iii) the company is mainly operated in the PRC with more than 90% of its total revenue generated from the PRC in the latest financial year; and
- (iv) the company is publicly listed in Mainland China or Hong Kong.

Based on the aforesaid selection criteria, the Valuer has identified an exhaustive list of comparable companies (the “**Comparable Companies**”) as shown below:

Ticker	Company name	Company description	Percentage of revenue from similar businesses as the Target Group	Percentage of revenue generated from the PRC
300692-CN	Anhui Orivie Technology Co., Ltd	Anhui Orivie Technology Co., Ltd. engages in the provision of solutions and integrated services for sewage and industrial wastewater treatment. It operates through the following business segments: sewage treatment and environmental engineering. The sewage treatment segment provides urban sewage treatment and industrial wastewater treatment services. The environmental engineering segment provides environmental engineering design, equipment procurement and integration, construction, installation and commissioning services.	65.0%	100.0%

Ticker	Company name	Company description	Percentage of revenue from similar businesses as the Target Group	Percentage of revenue generated from the PRC
300664-CN	Pengyao Environmental Protection Co. Ltd.	Pengyao Environmental Protection Co., Ltd. provides environmental water treatment services. It is engaged in the professional contracting business of environmental protection engineering, water treatment engineering and municipal public works; professional contracting business of mechanical and electrical equipment installation; treatment of domestic sewage and industrial sewage; and environmental protection materials, environmental protection products, environmental protection equipment research and development, design, integration, manufacturing, and sales.	73.8%	95.4%
600874-CN	Tianjin Capital Environmental Protection Group Co., Ltd.	Tianjin Capital Environmental Protection Group Co., Ltd. engages in the treatment of sewage water, supply of tap water, water recycling, heating and cooling services, hazardous waste treatment, and the management of related facilities. It operates through the following segments: sewage water processing and water plant facilities construction, recycled water and pipeline connection, heating and cooling supply and related facilities construction, tap water and water plant facilities construction, sale of environmental protection equipment, and all other segments.	80.8%	100.0%

Ticker	Company name	Company description	Percentage of revenue from similar businesses as the Target Group	Percentage of revenue generated from the PRC
603903-CN	CSD Water Service Co. Ltd.	CSD Water Service Co., Ltd. engages in the sewage treatment operations, sewage and sludge treatment EPC, technical product sales and other comprehensive services. It provides integrated environmental governance, urban sewage, industrial parks and industrial wastewater, sludge and disposal treatment.	84.4%	97.6%
300388-CN	Cecep Guozhen Environmental Protection Technology Co., Ltd.	CECEP Guozhen Environmental Protection Technology Co., Ltd. engages in the provision of water management and sewage treatment service. It focuses on urban water environment comprehensive management, industrial wastewater treatment, and small town environmental management. Its business includes investment operations, environmental engineering's engineering, procurement, and construction business, water treatment equipment production and sales, and water environment design consulting business. Its products and services include municipal wastewater, industrial wastewater, environmental engineering, engineering design, pipe network business, water environment management, film manufacturing, and equipment manufacturing.	99.6%	92.7%

Ticker	Company name	Company description	Percentage of revenue from similar businesses as the Target Group	Percentage of revenue generated from the PRC
603817-CN	Fujian Haixia Environmental Protection Group Co., Ltd.	Fujian Haixia Environmental Protection Group Co., Ltd. engages in the provision of waste treatment services. It offers sewage treatment, landfill leachate management, and water pollution control services.	84.1%	100.0%
000598-CN	Chengdu Xingrong Environment Co., Ltd.	Chengdu Xingrong Environment Co., Ltd. provides operation management, technical services of tap water, sewage treatment and water environmental protection integrated services. It operates construction and operation management of sewage treatment and recycling projects.	61.7%	97.6%
600008-CN	Beijing Capital Eco-Environment Protection Group Co., Ltd.	Beijing Capital Eco-Environment Protection Group Co., Ltd. engages in the provision of integrated environmental services. Its business activities cover traditional water treatment, municipal water supply, sewage treatment, solid waste treatment, comprehensive water environment management, green resource management, river basin management, and sponge city construction. The firm also offers urban integrated ecological environmental management services.	69.2%	97.6%

Ticker	Company name	Company description	Percentage of revenue from similar businesses as the Target Group	Percentage of revenue generated from the PRC
300172-CN	CEC Environmental Protection Co., Ltd.	CEC Environmental Protection Co., Ltd. engages in the research, development, design, manufacturing, system integration and sales of industrial water treatments. It provides industrial water treatment, condensate recovery, wastewater treatment and automation control systems.	85.7%	96.3%

Source: FactSet and the latest published annual reports of the Comparable Companies

Adjustments on the valuation multiple of the Comparable Companies

Since reported earnings between the Target Group and the Comparable Companies may include non-recurring or exceptional items, the Valuer conducted normalization of earnings to ensure market multiples reflect the sustainable performance of the Comparable Companies. This process involves stripping out non-recurring, non-operating, or exceptional items, such as impairment losses, gains or losses on disposal of assets, investment gains, or fair value changes in investment properties, to arrive at a sustainable earnings figure.

Furthermore, the size premium reflects the additional risk premium required by investors for relatively smaller companies. Smaller companies are perceived as riskier in terms of their business operations and financial performance, which leads to lower valuation multiples. The Valuer referenced to the data from the 2025 Cost of Capital Navigator published by Kroll, LLC. (the “**Report**”), the adjustment is derived by comparing the premium applicable to each Comparable Company of the size premium applicable to the Target Group. Based on the Report, the size premiums amount to approximately 1.00% for companies in the 6th decile (market capitalisation of US\$2,481.781 million to US\$3,946.154 million), approximately 0.88% for companies in the 8th decile (market capitalisation of US\$731.187 million to US\$1,417.455 million) and approximately 1.73% for the 9th decile (market capitalisation US\$304.621 million to US\$729.919 million). The Valuer has adopted a size premium of approximately 4.47% for the Target Group, which corresponds to the 10th decile (market capitalisation of US\$1.108 million to US\$304.479 million).

The following formula derives the adjusted P/E ratio of each of the Comparable Companies:

$$\text{Adjusted P/E ratio} = \frac{1}{\text{P/E ratio}} + \frac{1}{(\text{Target Group's size premium} - \text{Comparable Companies' size premium})}$$

Comparable Companies	Market capitalization in RMB millions	P/E ratio before adjustment	Comparable Companies' size premium	Target Group's size premium	Adjusted P/E ratio
300692.CN	4,492.6	31.1	1.73%	4.47%	16.8
300664.CN	3,206.5	14.9	1.73%	4.47%	10.6
600874.CN	7,636.5	7.5	0.88%	4.47%	5.9
603903.CN	2,729.1	34.6	1.73%	4.47%	17.8
300388.CN	4,202.0	8.0	1.73%	4.47%	6.6
603817.CN	2,913.1	10.0	1.73%	4.47%	7.9
000598.CN	19,157.3	8.6	1.00%	4.47%	6.6
600008.CN	19,966.4	7.2	1.00%	4.47%	5.8
300172.CN	2,681.3	34.1	1.73%	4.47%	17.6
Average					10.61

Adjustments on the normalized earnings of the Target Group

As the Valuer note that there is comprehensive income attributed to non-controlling interests, it adjusted the earnings of the Target Group by their corresponding profit split of the subsidiaries.

Non-operating assets and liabilities adjustments

To determine the market value of the entire equity interest in the Target Group, the operating equity value is first established by applying a P/E multiple to adjusted net earnings, which is then adjusted for non-operating items. Specifically, assets and liabilities not essential to core business activities are classified as non-operating; the value of these assets is added to, and the liabilities deducted from, the operating equity to arrive at a total value that encompasses both operating and non-operating components.

The amounts due to fellow subsidiaries and amount due from intermediate holding companies arise from operating business activities, as represented by the Target Group. The remaining balance of the amount due from fellow subsidiaries are the advance payment arising from the synergistic business with the subsidiary company, which is recognized by the Target Group as operating nature, this is considered to have contributed the business operations of the Target Group.

Discount for lack of marketability

The Valuer has adopted a lack of marketability discount of 39.2% in the valuation of the Target Group to compensate for the potential difficulty of selling the equity shares, which are not traded on a stock exchange, compared with those of the peer companies that are traded publicly in stock markets. Such discount on lack of marketability was sourced from the Stout Restricted Stock Study (2025 Edition), specifically reflecting a block size of greater than 40% of outstanding shares.

Control premium

The Valuer has adopted a control premium of 19.9% with reference to the FactSet/BVR Control Premium Study (2nd Quarter 2026) published by Business Valuation Resources, LLC. This represents the median equity control premium of 86 completed transactions completed during the second quarter of 2026, in which buyers obtained 50.01% or more equity of publicly traded target companies outside the United States.

The profit normalization process based on the trailing twelve months figures as of June 30, 2026, is outlined below:

Items/entity	Target Group³	Tiantai Recycled Resources	Zhejiang New Energy
Profit before tax	25,551,402	3,788,321	7,855,992
Assets impairment loss ¹	14,202,811	26,777	1,026,892
Non-operating income ²	(35,436)	—	—
Non-operating expenses ²	(516)	—	—
Normalized Operating Income	39,718,261	3,815,099	8,882,884

Unit: HKD, if otherwise specified

Note 1: As advised by the management of the Target Group, the assets impairment loss represented impairment losses on accounts receivables, contract assets and retention receivables. Such impairment is considered non-recurring in nature and has been added back for the purpose of the profit normalization.

Note 2: As advised by the management of the Target Group, non-operating income and expenses represented income and expenses not arising from the principal activities of the Target Group. Such items are considered non-operating in nature and have been excluded for the purpose of the profit normalisation.

Note 3: The financial information of the Target Group includes the financial information of Tiantai Recycled Resources and Zhejiang New Energy.

Note 4: Figures may not sum or calculate to the exact totals shown due to rounding.

The result of the Valuation is set out as below:

Valuation Analysis	30 June 2026	Formula
Target Group Normalized Operating Income	39,718,261	A
Less: Normalized Operating Income attributable to non-controlling interest ¹	(2,032,818)	B
Normalized Operating Income attributable to the Target Group	37,685,443	C=A+B
Less: Tax Expenses ²	(1,533,510)	D
Normalized Net Income attributable to the Target Group	36,151,933	E=C+D
Adjusted P/E Ratio	10.61	F
Equity Value before Non-operating Asset and Liability Adjustment	383,723,608	G=E*F
Add: Interest in Joint Ventures ³	51,612,000	H
Add: Construction in Progress	49,195,141	I
100% Equity Value of the Target Group as at 30 June 2026 (Non-controlling and marketable basis)	484,530,750	J= G+H+I
Discount for Lack of Marketability	39.2%	K
Control Premium	19.9%	L
100% Equity Value of the Target Group as at 30 June 2026 (Controlling and non-marketable basis) (rounded)	353,219,000	M=L*(1-K)*(1+L)

Unit: in HKD

Note 1: The normalized operating income attributable to non-controlling interest of HKD2,032,818 comprises a 10% minority share of Tiantai Recycled Resources (HKD888,288 based on a total of HKD8,882,884) and a 30% minority share of Zhejiang New Energy (HKD1,144,530 based on a total of HKD3,815,099). As advised by the management of the Target Group, among the non-wholly owned subsidiaries illustrated in the group structure on P21, only Tiantai Recycled Resources and Zhejiang New Energy generated operating income during the relevant period.

Note 2: Tax expenses of HKD1,533,510 is derived based on the effective tax rate of 4.07% reported by the Target Group as at 30 June 2026.

Note 3: Reference was made to the financial statements provided by the management of the Group, which indicate that the Target Group's Interest in Joint Venture comprise a 46% equity stake in Hangzhou Jianyun Environmental Protection Co., Ltd., amounting to approximately HKD1,057,000, and a 48% equity stake in Tiantai Economic, amounting to approximately HKD50,555,000, representing an aggregate interest of approximately HKD51,612,000. The values of (i) Interest in Joint Venture and (ii) Construction in Progress were determined based on their respective carrying amounts as at the 30 June 2026, which, as advised by the management of the Target Group, approximate their respective fair values. In particular, the carrying amount of Tiantai Economic was established based on its valuation as of 31 December 2025. In addition, the net asset value of Tiantai Economic remained substantially unchanged between 31 December 2025 and 30 June 2026. In the absence of any material changes or value-altering events during the period, such carrying amount is considered to fairly represent its fair value as at 30 June 2026.

Note 4: Figures may not sum or calculate to the exact totals shown due to rounding.

There has been no material changes to the Target Group's financial position and performance since the valuation date of 30 June 2026.

INFORMATION OF THE GROUP

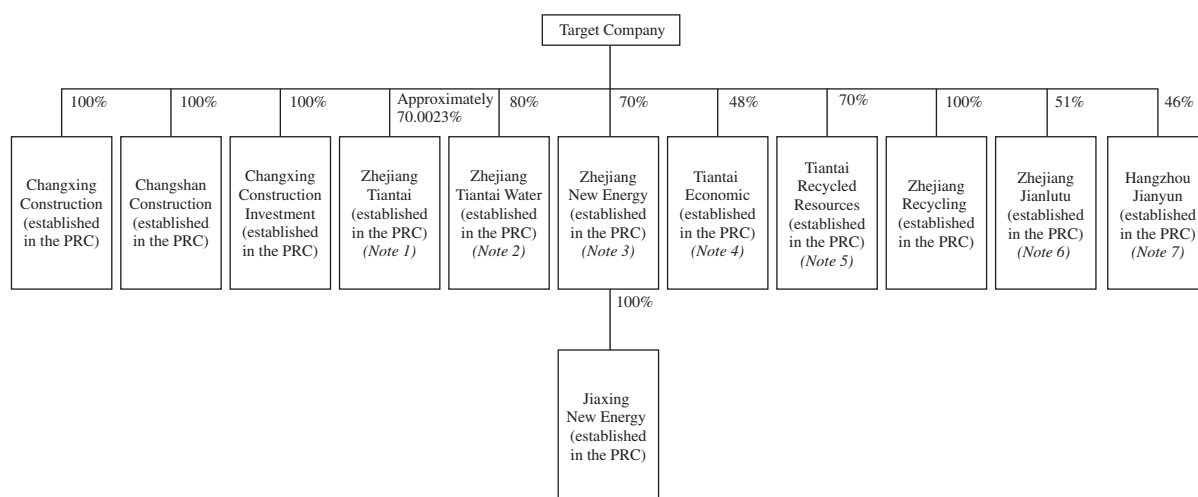
The Company is a company incorporated in the Cayman Islands as an exempted company with limited liability on 20 July 2017 and is an investment holding company. The Group is principally engaged in (i) contractor services for building construction works and repair, maintenance, alteration and addition works projects across public and private sectors in Hong Kong, Malaysia and the United Kingdom; and (ii) construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC.

INFORMATION OF THE BUYER

The Buyer is a company listed on the Shenzhen Stock Exchange (SZSE Security Code: 002761) and one of the controlling shareholders of the Company. Based on the latest public information available, the Buyer is ultimately owned as to (i) approximately 34.07% by Zhejiang State-owned Capital Operation Company Limited* (浙江省國有資本運營有限公司) (which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Zhejiang Provincial Government* (浙江省人民政府國有資產監督管理委員會)); (ii) approximately 13.58% by Guoxin Energy Equity Investment Fund (Chengdu) Partnership (Limited Partnership)* (國新建源股權投資基金(成都)合夥企業(有限合夥)); (iii) approximately 5.91% by ICBC Financial Asset Investment Co. Ltd.* (工銀金融資產投資有限公司); (iv) approximately 3.55% by Zhejiang Financial Development Group Co. Ltd.* (浙江省財開集團有限公司); (v) approximately 2.45% by Hung Wan Construction Co., Ltd.* (鴻運建築有限公司); (vi) approximately 1.84% by China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司); and (vii) approximately 38.60% by other minority shareholders. As at the date of this announcement, the Buyer is principally engaged in building construction business, engineering related services and investment in infrastructure projects. As at the date of this announcement, the Buyer is directly interested in approximately 72.23% of the entire issued share capital of the Company.

INFORMATION OF THE TARGET GROUP

Group Structure of the Target Group



Notes:

- (1) The remaining approximately 19.9909% and approximately 10.0068% equity interest in Zhejiang Tiantai is owned by Tiantai State-Owned Assets Capital Management Limited Company* (天台縣國有資本運營有限公司) and Zhejiang Construction respectively.
- (2) The remaining 20% equity interest in Zhejiang Tiantai Water is owned by Tiantai County Qingyuan Water Operation Co., Ltd.* (天台縣清源水務運營有限公司).
- (3) The remaining 30% equity interest in Zhejiang New Energy is owned by MS Energy Technology Co., Ltd.* (美克生能源科技股份有限公司).
- (4) The remaining 52% equity interest in Tiantai Economic is owned by Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司).
- (5) The remaining 30% equity interest in Tiantai Recycled Resources is owned by Tiantai County Gongfa Agricultural Development Co., Ltd* (天台縣供發農業發展有限公司).
- (6) The remaining 49% equity interest in Zhejiang Jianlutu is owned by Jiaxing Green Soil Ecological Technology Co., Ltd* (嘉興綠土生態科技有限公司).
- (7) The remaining 46% and 8% equity interest in Hangzhou Jianyun is owned by Yunqi Chengrong Technology (Hangzhou) Co., Ltd.* (雲棲產融科技(杭州)有限公司) and Shuangqiao Village Economic Cooperative in Sandun Town, Hangzhou City* (杭州市三墩鎮雙橋村經濟合作社) respectively.

Target Company

The Target Company is a limited liability company established in the PRC on 17 July 2014 and is a direct wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC.

Changxing Construction

As at the date of this announcement, Changxing Construction is a limited liability company established in the PRC on 1 December 2016 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in sewage and reclaimed water treatment services.

Changshan Construction

As at the date of this announcement, Changshan Construction is a limited liability company established in the PRC on 20 March 2017 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in technical consultation services in the field of water treatment technology.

Changxing Construction Investment

As at the date of this announcement, Changxing Construction Investment is a limited liability company established in the PRC on 14 July 2017 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in environmental improvement related construction services, sewage and reclaimed water treatment services, and water distribution services.

Zhejiang Tiantai

As at the date of this announcement, Zhejiang Tiantai is a limited liability company established in the PRC on 23 March 2022 and is owned as to approximately 70.0023% by the Target Company. The remaining approximately 19.9909% and approximately 10.0068% equity interest in Zhejiang Tiantai is owned by Tiantai State-Owned Assets Capital Management Limited Company* (天台縣國有資本運營有限公司) (which is a state-owned company) and Zhejiang Construction respectively. It is principally engaged in sewage and reclaimed water treatment services.

Zhejiang Tiantai Water

As at the date of this announcement, Zhejiang Tiantai Water is a limited liability company established in the PRC on 9 August 2016 and is owned as to 80% by the Target Company and 20% by Tiantai County Qingyuan Water Operation Co., Ltd.* (天台縣清源水務運營有限公司). It is principally engaged in sewage and reclaimed water treatment services. Tiantai County Qingyuan Water Operation Co., Ltd.* (天台縣清源水務運營有限公司) is a limited liability company established in the PRC on 4 November 2013 and is wholly-owned by Tiantai County Water Affairs Group Co., Ltd.* (天台縣水務集團有限公司). Tiantai County Qingyuan Water Operation Co., Ltd.* (天台縣清源水務運營有限公司) is principally engaged in sewage and reclaimed water treatment services, municipal facilities management, and engineering management services. Tiantai County Water Affairs Group Co., Ltd.* (天台縣水務集團有限公司) is a limited liability company established in the PRC on 25 June 2012 and is wholly-owned by Tiantai State-Owned Assets Capital Management Limited Company* (天台縣國有資本運營有限公司) (which is a stated-owned company). Tiantai County Water Affairs Group Co., Ltd.* (天台縣水務集團有限公司) is principally engaged in source water supply, tap water production and supply, hydropower generation, pipeline engineering construction, water conservancy engineering construction and sewage treatment.

Zhejiang New Energy

As at the date of this announcement, Zhejiang New Energy is a limited liability company established in the PRC on 26 September 2024 and is owned as to 70% by the Target Company and 30% by MS Energy Technology Co., Ltd.* (美克生能源科技股份有限公司). It is principally engaged in investment in energy storage business and provision of comprehensive new energy services. MS Energy Technology Co., Ltd.* (美克生能源科技股份有限公司) is a limited liability company established in the PRC on 19 January 2018 and is owned as to: (i) approximately 17.11% by Shanghai Tuxin Enterprise Management Partnership (Limited Partnership)* (上海途新企業管理合夥企業(有限合夥)), of which Ms. Wei Qiong is the general partner and holds approximately 46.09% equity interest; (ii) approximately 14.48% by Ms. Wei Qiong (魏瓊); (iii) approximately 12.96% by Suzhou Junlian Xiangdao Equity Investment Partnership (Limited Partnership)* (蘇州君聯相道股權投資合夥企業(有限合夥)); (iv) approximately 8.84% by Mr. Yan Xiao (嚴曉); (v) approximately 6.15% by National Green Development Fund Co., Ltd.* (國家綠色發展基金股份有限公司); (vi) approximately 4.61% by Beijing Green Energy and Low-Carbon Industry Investment Fund (Limited Partnership)* (北京市綠色能源和低碳產業投資基金(有限合夥)); (vii) approximately 4.29% by X TECHNOLOGY FUND, L.P.; (viii) approximately 4.13% by Suzhou Yuanming Venture Capital Center (Limited Partnership)* (蘇州源明創業投資中心(有限合夥)); and (ix) approximately 27.43% by other minority shareholders. MS Energy Technology Co., Ltd.* (美克生能源科技股份有限公司) is principally engaged in distributed green energy aggregation service in the PRC focusing on “electrochemical-level” battery safety pre-diagnosis technology and providing customers with comprehensive solutions such as investment, construction, operation and management of green energy assets.

Jiaxing New Energy

As at the date of this announcement, Jiaxing New Energy is a limited liability company established in the PRC on 8 July 2024 and is a direct wholly-owned subsidiary of Zhejiang New Energy. It is principally engaged in research and development of new energy technology, power generation technology services, sales of solar thermal utilization equipment and energy storage technology services.

Tiantai Economic

As at the date of this announcement, Tiantai Economic is a limited liability company established in the PRC on 29 July 2024 and is owned as to 48% by the Target Company. The remaining 52% equity interest in Tiantai Economic is owned by Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司). It is principally engaged in sewage treatment and recycling, municipal facilities management and engineering management services. Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司) is a limited liability company established in the PRC on 23 March 2018 and is wholly-owned by Zhejiang Tiantai County State-Owned Assets Management Co., Ltd. (浙江省天台縣國有資產經營有限公司) (which is a state-owned company), which is wholly-owned by Zhejiang Tiantai Investment Holding Co., Ltd.* (浙江天台投資控股有限公司), which is ultimately wholly-owned by Tiantai County State-owned Assets Affairs Center* (天台縣國有資產事務中心) (which is a state-owned business unit in Tiantai County, Taizhou, Zhejiang Province, the PRC). Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司) is principally engaged in construction and development, financing, industry cultivation and investment operation.

As at 30 June 2026, Tiantai Economic was owned as to 1% by the Target Company, 47% by the Company and 52% by Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司). On 7 August 2026, for the purpose of implementing internal resource integration and simplifying the group structure, the Company and the Target Company have entered into the Equity Transfer Agreement to transfer 47% of equity interests of Tiantai Economic from the Company to the Target Company at a consideration of RMB45,490,110.12. The market value of the entire equity interest of Tiantai Economic as at 31 December 2025 was approximately RMB96.8 million based on the valuation performed by an independent valuer using the cost approach, under which the value of the entire equity interest was determined as the sum of the appraised values of individual assets less the appraised values of individual liabilities of Tiantai Economic as at 31 December 2025. The income approach was not adopted because Tiantai Economic was only established in July 2024 and had not commenced operation as at the valuation date, such that its future operating results could not be reasonably predicted. The market approach was also not adopted given the lack of recent comparable transactions and listed comparables of similar scale and business.

The Directors are of the view that the 2025 valuation is fair and reasonable, having considered that (i) it was conducted by an independent valuer in accordance with the International Valuation Standards and (ii) the cost approach is appropriate given Tiantai Economic's pre-operating stage.

Tiantai Recycled Resources

As at the date of this announcement, Tiantai Recycled Resources is a limited liability company established in the PRC on 12 February 2025 and is owned as to 70% by the Target Company and 30% by Tiantai County Gongfa Agricultural Development Co., Ltd* (天台縣供發農業發展有限公司). It is principally engaged in processing, recycling and sales of renewable resources, recycling of industrial waste metals, processing and treatment of non-metallic waste and scrap and solid waste management. Tiantai County Gongfa Agricultural Development Co., Ltd* (天台縣供發農業發展有限公司) is a limited liability company established in the PRC on 21 November 2023 and is wholly owned by Tiantai County Supply and Marketing Cooperative Collective Asset Management Co., Ltd.* (天台縣供銷社集體資產管理有限公司). Tiantai County Gongfa Agricultural Development Co., Ltd* (天台縣供發農業發展有限公司) is principally engaged in agricultural services.

Zhejiang Recycling

As at the date of this announcement, Zhejiang Recycling is a limited liability company established in the PRC on 6 August 2025 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in environmental sanitation management, solid waste treatment, water pollution control, research and development of construction waste recycling technology, technical consulting services for resource recycling and processing and sales of renewable resources.

Zhejiang Jianlutu

As at the date of this announcement, Zhejiang Jianlutu is a limited liability company established in the PRC on 13 February 2026 and is owned as to 51% by the Target Company and 49% by Jiaxing Green Soil Ecological Technology Co., Ltd* (嘉興綠土生態科技有限公司). It is principally engaged in research and development of resource recycling technologies, soil pollution remediation and treatment services, environmental protection consulting services, environmental sanitation management and solid waste management. Jiaxing Green Soil Ecological Technology Co., Ltd* (嘉興綠土生態科技有限公司) is a limited liability company established in the PRC on 14 November 2024 and is owned as to (i) 74% by Zhang Li (張麗); (ii) 25% by Hongbo (Taizhou) Agricultural Development Co., Ltd.* (鴻泊(台州)農業發展股份有限公司); and (iii) 1% by Smart Oasis (Jiashan) Science and Technology Innovation Holding Co., Ltd.* (智慧綠洲(嘉善)科創控股有限公司). Jiaxing Green Soil Ecological Technology Co., Ltd* (嘉興綠土生態科技有限公司) is principally engaged in research and development of resource recycling technologies and fertilizers and sales of fertilizers.

Hangzhou Jianyun

As at the date of this announcement, Hangzhou Jianyun is a limited liability company established on 13 November 2025 and is owned as to 46% by the Target Company. The remaining 46% and 8% equity interest in Hangzhou Jianyun is owned by Yunqi Chengrong Technology (Hangzhou) Co., Ltd.* (雲棲產融科技(杭州)有限公司) and Shuangqiao Village Economic Cooperative in Sandun Town, Hangzhou City* (杭州市三墩鎮雙橋村經濟合作社) respectively. It is principally engaged in environmental protection consulting services, research and development of new material technology, solid waste management and recycling and sales of renewable resources. Yunqi Chengrong Technology (Hangzhou) Co., Ltd.* (雲棲產融科技(杭州)有限公司) is a limited liability company established in the PRC on 12 November 2019 and is wholly owned by Hangzhou West Lake Cloud Innovation Group Co., Ltd.* (杭州西湖雲創集團有限公司). Yunqi Chengrong Technology (Hangzhou) Co., Ltd.* (雲棲產融科技(杭州)有限公司) is principally engaged in urban construction waste disposal, research and development of resource recycling technologies and new material technology, environmental consulting services and solid waste management. Shuangqiao Village Economic Cooperative in Sandun Town, Hangzhou City* (杭州市三墩鎮雙橋村經濟合作社) is an organization established on 28 March 2023. Shuangqiao Village Economic Cooperative in Sandun Town, Hangzhou City* (杭州市三墩鎮雙橋村經濟合作社) is principally engaged in collective asset operation and management, collective resource development and utilization, agricultural production development and services, financial management and profit distribution.

As at the date of this announcement, the Target Group has obtained and possessed the following qualifications and licences: construction industry enterprise qualification (municipal public works construction general contracting level two, environmental engineering professional contracting level one, fire protection facilities engineering professional contracting level two, ungraded special engineering (structural reinforcement), building construction general contracting level two and power engineering construction general contracting level two)* (建築業企業資質證書(市政公用工程施工總承包貳級；環保工程專業承包一級；消防設施工程專業承包貳級；特種工程(結構補強)專業承包不分等級；建築工程施工總承包貳級；電力工程施工總承包貳級) and safe production licence (construction engineering)* (安全生產許可證(建築施工)) (collectively, the “**Licences**”); high tech enterprise certificate* (高新技術企業證書), quality management system certification* (質量管理體系認證), environmental management system certification* (環境管理體系認證), safety management system certification* (安全管理系統認證), Zhejiang Province environmental pollution prevention and control project special design service registration evaluation* (浙江省環境污染防治工程專項設計服務登記評價), Zhejiang Province environmental protection evaluation of general contracting service capabilities of pollution control projects* (浙江省環境污染治理工程總承包服務能力評價), Zhejiang Province pollution control facility operation service capability evaluation* (浙江省污染治理設施運作服務能力評價) and after-sales service perfection level certification (ten-star rating)* (售後服務完善程度認證證書十星級) (collectively, the “**Qualifications**”).

Combined Financial information of the Target Group

Set out below is a summary of certain unaudited combined financial information of the Target Group for the two years ended 31 December 2024 and 2025 and six months ended 30 June 2026, prepared in accordance with HKFRS. The unaudited combined financial information of the Target Group is based on the assumption of combining 47% interest in the Tiantai Economic with the Target Company as at 30 June 2026 and the 47% interest in the Tiantai Economic is deemed as a contribution by the Company to the Target Company on a combined basis.

	For the year ended 31 December 2024 <i>HK\$'000</i>	For the year ended 31 December 2025 <i>HK\$'000</i>	For the six months ended 30 June 2026 <i>HK\$'000</i>
Revenue	139,474	155,565	97,671
Profit before tax*	20,416	27,428	8,959
Profit after tax*	19,173	25,668	8,664

* There were no share of profit or loss of Tiantai Economic in the unaudited combined financial information of the Target Group since no material income or expenses were incurred in Tiantai Economic during the relevant period.

	As at 31 December 2024 HK\$'000	As at 31 December 2025 HK\$'000	As at 30 June 2026 HK\$'000
Non-current assets, including	283,416	435,966	481,030
Property, plant and equipment	1,949	101,676	138,241
Interest in joint ventures	–	50,512	51,612
Receivables and contract assets under service concession arrangements	249,613	249,170	255,106
Current assets, including:	327,868	405,029	403,724
Contract assets	95,920	129,975	116,582
Trade receivables	20,943	42,835	86,566
Cash and cash balances	137,025	162,539	121,831
Total assets	611,284	840,995	884,754
Current liabilities, including:	196,774	286,246	291,221
Trade and retention payables	22,594	52,787	52,464
Other payables, accruals and provision	154,431	206,574	185,028
Non-current liabilities, including:	112,482	164,465	202,688
Interest-bearing bank borrowings	112,482	162,775	201,802
Total liabilities	309,256	450,711	493,909
Total equity	302,028	390,284	390,845
Equity attributable to owners of the company	281,820	360,838	351,065

Tiantai Economic was established in the PRC on 29 July 2024 and was initially solely owned by Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司) (“**Tiantai Construction**”).

On 23 June 2025, the Company and the Target Company entered into a capital increase agreement (the “**Capital Increase Agreement**”) with Tiantai Economic and Tiantai Construction. As at 23 June 2025, Tiantai Economic had paid up capital of RMB10 million out of the registered capital of RMB50 million. Pursuant to the Capital Increase Agreement, the registered capital of Tiantai Economic was increased from RMB50 million to RMB96.5 million. Tiantai Construction, the Company and the Target Company agreed to contribute RMB40.18 million, RMB45.355 million and RMB0.965 million in cash, respectively.

Upon completion of the Capital Increase Agreement, the equity interest of Tiantai Economic is owned as to 52.0% by Tiantai Construction, 47.0% by the Company and 1.0% by the Target Company. The Company's 47% equity interest in Tiantai Economic corresponds to a capital contribution of RMB45.355 million (equivalent to approximately HK\$52.3 million). For details of the Capital Increase Agreement, please refer to the announcement of the Company dated 23 June 2025.

As at 30 June 2026, the Company had held the 47% interest in Tiantai Economic for approximately one year. On 7 August 2026, the Company and the Target Company entered into the Equity Transfer Agreement for the purpose of transferring the 47% equity interest from the Company to the Target Company at a consideration of RMB45,490,110.12 (equivalent to approximately HK\$52.5 million), which has been completed as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Group was positioned as a comprehensive environmental services provider with established capabilities in water treatment, solid waste and ecological restoration and was acquired by the Group in 2023. The acquisition of the Target Group in 2023 was undertaken in line with the Group's then-prevailing strategy of diversifying into the environmental protection sector and sewage and reclaimed water treatment services, thereby enhancing the Group's earnings profile and delivering better returns for the Shareholders. Against this backdrop, as disclosed in the Company's announcements dated 23 July 2026 and 10 August 2026, the capital increase (the “**Capital Increase**”) in Zhoushan Lanjing Environmental Protection Technology Co., Ltd. (“**Zhoushan Lanjing**”) is in line with such operational strategy. In particular, from the operational perspective, the Capital Increase was a standalone operational decision made by the management of the Group in light of its then-pending project commitments after considering the potential opportunity of market outreach in the environmental business sector. That decision was made based on the Target Group's own operational requirements and was assessed primarily at the subsidiary level at the time when the Capital Increase was conducted. To the best knowledge of the Directors, the industrial and commercial registration process of Zhoushan Lanjing is still ongoing. Accordingly, the Capital Increase has not yet completed and Zhoushan Lanjing does not form part of the Target Group as at the date of this announcement.

However, following the completion of the acquisition and over the past three years of integration, the Group has been conducting an ongoing assessment of the implications of holding the Target Group. It has become evident that the compliance, governance and disclosure requirements associated with maintaining the Target Group as a subsidiary of the Group resulted in substantial administrative burdens. For example, the Target Group has entered into six agreements with Zhejiang Construction to govern continuing connected transactions in relation to property management services, construction materials and technological systems, and project management services, and another nine agreements with Zhejiang Construction to govern the construction, rehabilitation and operation of sewage and reclaimed water treatment plants, and other environmental related facilities and infrastructure in the PRC. Furthermore, within the Target Group, an agreement between Zhejiang Tiantai and the Target Company has been entered to govern the construction and installation services for an expansion of sewage treatment plant and procure relevant sewage construction materials and technological systems. Additionally, the Group's approval and disclosure requirement as a Hong Kong listed company imposes constraints to the environmental project execution efficiency and investment flexibility of the Target Group.

At same time, against the backdrop of the challenges in the construction industry in Hong Kong such as talent shortages and rising costs for labour and materials, the Group is facing heightened liquidity pressure, elevated gearing and increased finance costs. For example, the gearing ratio (calculated by dividing net debt with equity attributable to equity holders of the Company plus net debt) of the Group has increased from approximately 6.6% as at 31 December 2022 to approximately 38.0% as at 31 December 2025, while the interest coverage ratio (calculated by dividing earnings before interest and tax with interest expenses) decreased from approximately 5.0 times for the year ended 31 December 2022 to approximately 2.3 times for the year ended 31 December 2025. Notwithstanding the foregoing, the Group considers the proactive measures outlined in the 2025 Policy Address to accelerate infrastructure and stimulate industry growth present a significantly positive outlook for the construction sector in Hong Kong. The Group remains committed to the building construction industry in Hong Kong and believes that various infrastructure development in Hong Kong such as the Northern Metropolis, the Hong Kong-Shenzhen Innovation and Technology Park and new transportation infrastructure will generate substantial momentum for the Group's business. The Disposal will allow the Group to reposition its strategy and achieve a more focused allocation of capital and management resources to the building construction business in Hong Kong, a business that the Group has over 50 years of experience. In this regard, the Disposal is a separate and distinct decision taken at the Group level. It was primarily evaluated on the basis of the refocus of the Group's financial and managerial resources and from the perspective of administrative efficiency of the Group's businesses, which is independent to the decision of the Capital Increase which was assessed primarily from the operational perspective in subsidiary level. As such, after due and careful consideration, the Board considers that the Group's core competitive advantage lie in its established building construction business in Hong Kong, particularly in light of the favourable infrastructure pipeline announced in the 2025 Policy Address and concluded the decision of the Disposal.

With reference to an independent preliminary business valuation of the Target Group, the Consideration is RMB262,828,158.86 (equivalent to approximately HK\$303.3 million) and is approximately 19.5% higher than the original acquisition consideration of RMB220.0 million paid by the Group to acquire the Target Company in 2023. The Company considers that the Disposal represents a favourable opportunity for the Group to realise its investments in the Target Company.

In light of the above, the Board considers that the Disposal will enable the Group to realise a significant cash inflow, strengthen its financial position and refocus on its core building construction business, while allowing the Target Company to operate outside the constraints of the Group and leverage the broader resources of the controlling shareholder for more agile development.

In light of the reasons above, the Directors (excluding the independent non-executive Directors) are of the view that although the Share Purchase Agreement is not entered into in the ordinary and usual course of business of the Group, the terms of the Share Purchase are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS

The gross proceeds from the Disposal are expected to be approximately RMB262.8 million (equivalent to approximately HK\$303.3 million) and the net proceeds (after deducting related tax expenses, transaction costs and professional expenses) are expected to be approximately RMB254.8 million (equivalent to approximately HK\$294.0 million).

The Group intends to use (i) 50% or RMB127.4 million (equivalent to approximately HK\$147.0 million) of the net proceeds for repayment of the bank borrowings; and (ii) 50% or RMB127.4 million (equivalent to approximately HK\$147.0 million) of the net proceeds for the construction work and general working capital.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Company.

It is estimated that the Group will record a loss on the Disposal of approximately RMB4.0 million (equivalent to approximately HK\$4.6 million), calculated with reference to (i) the Consideration of RMB262,828,158.86 (equivalent to approximately HK\$303.3 million); (ii) the net asset value attributable to the shareholders (i.e. excluding non-controlling interests) of the Target Group of approximately RMB304.2 million (equivalent to approximately HK\$351.1 million) as at 30 June 2026 less consideration paid by the Target Company in respect of the 47% Equity Transfer of RMB45,490,110.12 (equivalent to approximately HK\$52.5 million); and (iii) the tax expenses, transaction costs and expenses of approximately RMB8.1 million (equivalent to approximately HK\$9.3 million) in relation to the Disposal and the 47% Equity Transfer.

The above financial impact is shown for illustrative purpose only and the actual gain or loss as a result of the Disposal is subject to, among other things, the consolidated net asset value of the Target Company on the date of Completion. The original acquisition cost of the Target Company in 2023 was RMB220.0 million.

LISTING RULES IMPLICATION

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Buyer is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Buyer is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposal constitutes a connected transaction for the Company which is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tse Wai Chun Paul *JP*, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen *JP*, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Disposal.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Buyer is indirectly interested in 361,150,000 Shares of the Company, which are directly held by its indirectly wholly-owned subsidiary, CR Construction Investments Limited, representing approximately 72.23% of the total issued share capital of the Company. In view of the Buyer's interests in the Share Purchase Agreement and the transactions contemplated thereunder, CR Construction Investments Limited will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Share Purchase Agreement and the transactions contemplated thereunder. However, since Mr. Zhang Guanhua, Mr. Jiang Wen and Mr. Jin Hongliang also hold directorships and/or management positions in the Buyer, each of them has voluntarily abstained from voting on the Board resolution(s) approving the Share Purchase Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) further details of the Disposal; (ii) the recommendation(s) from the Independent Board Committee to the Independent Shareholders in relation to the Disposal; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) the financial information of the Target Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 10 November 2026 as additional time is required to prepare the relevant information to be included in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent as set out in the Share Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors
“Buyer” or “Zhejiang Construction”	Zhejiang Construction Investment Group Co., Ltd.* (浙江省建設投資集團股份有限公司), a limited liability company established in the PRC and listed on Shenzhen Stock Exchange (SZSE Stock Code: 002761) and one of the controlling shareholders of the Company as at the date of this announcement
“Changshan Construction”	Changshan Construction Investment Water Company Limited* (常山建投水務有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company as at the date of this announcement
“Changxing Construction”	Changxing Construction Investment Water Company Limited* (長興建投水務有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company as at the date of this announcement
“Changxing Construction Investment”	Changxing Construction Investment Environmental Technology Company Limited* (長興建投環保科技有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company as at the date of this announcement
“Company”	CR Construction Group Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1582)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Share Purchase Agreement
“Completion Date”	within ten business days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Share Purchase Agreement, or at such other date on the Parties may agree in writing
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules

“connected transaction”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the consideration payable by the Buyer for the Disposal described under the heading “Consideration and payment terms” in this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hangzhou Jianyun”	Hangzhou Jianyun Environmental Protection Co., Ltd* (杭州建雲環保有限公司), a limited liability company established in the PRC and is owned as to 46% by the Target Company as at the date of this announcement
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$” or “Hong Kong dollar”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Tse Wai Chun Paul <i>JP</i> , Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen <i>JP</i> , has been established for the purpose of advising and giving recommendation(s) to the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	Shareholders who do not have any material interest in the transactions in respect of the Share Purchase Agreement pursuant to the Listing Rules and all applicable laws

“Jiaxing New Energy”	Jiaxing City Lilong New Energy Company Limited* (嘉興市利隆新能源有限公司), a limited liability company established in the PRC and is wholly-owned by Zhejiang New Energy as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2026 or such other date as may be agreed by the Parties in writing
“Minsheng Bank”	China Minsheng Banking Corporation Limited, Shanghai Pilot Free Trade Zone Branch
“Minsheng Bank Pledge”	the entire equity interest in the Target Company pledged by the Company to Minsheng Bank as security for bank loan facilities granted to the Company by Minsheng Bank in 2023
“Parties”	the Company and the Buyer, being the parties to the Share Purchase Agreement, and a “Party” shall be construed accordingly
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement”	the sale and purchase agreement in relation to the Disposal entered into between the Company and the Buyer on 20 October 2026
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Zhejiang Construction Investment Environment Development Group Company Limited* (浙江建投環境發展集團有限公司), formerly known as Zhejiang Construction Investment Environment Engineering Company Limited* (浙江建投環保工程有限公司), a limited liability company established in the PRC and the entire equity interest of which is legally owned by the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries, the details of which are set out under the paragraph headed “Information of the Target Group” in this announcement
“Tiantai Economic”	Tiantai Economic Development Zone Water Operation Co., Ltd.* (天台經濟開發區水務運營有限公司), a limited liability company established in the PRC and is owned as to 48% by the Target Company as at the date of this announcement
“Tiantai Recycled Resources”	Tiantai County Zhejiang Construction Renewable Resources Co., Ltd.* (天台縣浙建再生資源有限公司), a limited liability company established in the PRC and is owned as to 70% by the Target Company as at the date of this announcement
“Zhejiang Jianlutu”	Zhejiang Jianlutu (Hangzhou) Environmental Technology Co., Ltd* (浙建綠土(杭州)環保科技有限公司), a limited liability company established in the PRC and is owned as to 51% by the Target Company as at the date of this announcement
“Zhejiang New Energy”	Zhejiang Construction Investment New Energy Technology Company Limited* (浙江建投新能源科技有限公司), a limited liability company established in the PRC and is owned as to 70% by the Target Company as at the date of this announcement
“Zhejiang Recycling”	Zhejiang Construction Investment Construction Resources Recycling Company Limited* (浙江建投建築資源循環有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company as at the date of this announcement

“Zhejiang Tiantai”	Zhejiang Tiantai Construction Environment Technology Company Limited* (浙江天台浙建環保科技有限公司), a limited liability company established in the PRC and is owned as to approximately 70.0023% by the Target Company and as to approximately 10.0068% by Zhejiang Construction as at the date of this announcement
“Zhejiang Tiantai Water”	Zhejiang Tiantai Construction Investment Water Co., Ltd* (浙江天台建投水務有限公司), a limited liability company established in the PRC and is owned as to 80% by the Target Company as at the date of this announcement
“%”	per cent.

* For identification purposes only

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of HK\$1.154 to RMB1. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board of
CR Construction Group Holdings Limited
Zhang Guanhua
Chairman

Hong Kong, 20 October 2026

As at the date of this announcement, the Company has three executive Directors, namely Mr. Zhang Guanhua, Mr. Jiang Wen, Mr. Yang Haojiang, and one non-executive Director, namely Mr. Jin Hongliang and four independent non-executive Directors, namely Mr. Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen JP.